

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement -- Information Collection Request

OMB Control Number 1513-0029

Certificate of Tax Determination — Wine.

Changes Since Last Approval

Changes made to the Supporting Statement since this collection's last approval:

- Throughout the Supporting Statement, TTB is making minor editorial and grammatical changes for clarity.
- In Question 12, TTB is revising the burden associated with this collection, is providing an estimate of the respondent labor costs, and is stating its related recordkeeping burden.
- In Question 13, TTB is estimating the non-labor costs to respondents for this collection.
- In Question 14, TTB is noting that Government costs for this collection are included under a related, but separate information collection approval.
- In Question 15, TTB is explaining the changes in burden for this collection.

A. Justification.

1. What are the circumstances that make this collection of information necessary and what legal or administrative requirements necessitate the collection? Also include the following: Align the information collection to Line of Business/Sub-function and IT Investment, if one is used.

The Alcohol and Tobacco Tax and Trade Bureau (TTB) administers chapter 51 (distilled spirits, wine, and beer), chapter 52 (tobacco products, processed tobacco, and cigarette papers and tubes), and sections 4181–4182 (firearms and ammunition excise taxes) of the Internal Revenue Code of 1986 (IRC, 26 U.S.C.). TTB administers those IRC provisions pursuant to section 1111(d) of the Homeland Security Act of 2002, as codified at 6 U.S.C. 531(d). In addition, the Secretary of the Treasury (the Secretary) has delegated certain IRC administrative and enforcement authorities to TTB through Treasury Order 120-01.

In general, under chapter 51 of the IRC, alcohol beverages exported from the United States are not subject to Federal excise tax. As such, the IRC at 26 U.S.C. 5062 authorizes the drawback (refund) of the Federal excise tax paid or determined on domestic distilled spirits and wines that are subsequently exported from the United States, under regulations prescribed by the Secretary as necessary to document tax payment and exportation.

Under that authority, TTB has issued regulations concerning excise tax drawback claims for domestic wines exported from the United States, which are codified in 27 CFR Part 28, Exportation of Alcohol, Subpart K, Exportation of Wine With Benefit of Drawback. Under those regulations, exporters may file drawback claims for the excise tax paid on domestic wines exported from the United States, laden for use as supplies on certain vessels or aircraft, transferred to a foreign-trade zone, or exported to Armed Forces of the United States. Under 27 CFR 28.214, exporters must file all such claims on form TTB F 5120.24, Drawback on Wines Exported, which is approved under OMB control number 1513–0016.

As for this information collection, the TTB regulations at 27 CFR 28.215 require that each export drawback claim must be accompanied by a Certificate of Tax Determination—Wine, which is filed on form TTB F 5120.20. The form certifies that the listed wines were made in the United States and taxpaid upon their withdrawal from bond. The certification is executed by the person who withdrew the wine from bond, or, if the wine was bottled or packaged after tax determination, by the person who bottled or packaged it. In addition, the regulation states that the exporter is responsible for securing the completed certification form and then submitting its original with their drawback claim.

The collected information is necessary to ensure that the tax provisions of the IRC are appropriately applied, as it allows TTB to protect the revenue by preventing payment of incorrect or unverified export drawback claims.

This information collection is aligned with:

- Line of Business/Sub-function: General Government/Taxation Management.
- IT Investment: Tax Major Application System.

2. How, by whom, and for what purpose is this information used?

Respondents file TTB F 5120.20, Certificate of Tax Determination—Wine, as a supporting document to their drawback claims for taxpaid wines exported from the United States. TTB uses the collected information to verify that the listed wines were produced in the United States and were taxpaid at the correct rate upon withdrawal from bond. The collected information ensures that the tax provisions of the IRC are appropriately applied, as it allows TTB to protect the revenue by preventing payment of incorrect or unverified drawback claims.

3. To what extent does this collection of information involve the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology? What consideration is given to use information technology to reduce burden?

TTB has approved and will continue to approve, on a case-by-case basis, the use of improved information technology for the collection and maintenance of required information. Currently, TTB F 5120.20 is available as a fillable-printable form on the TTB Web site at <https://www.ttb.gov/forms/index.shtml>.

4. What efforts are used to identify duplication? Can similar information already available be used or modified for use for the purposes described in Item 2 above?

TTB F 5120.20 collects information that is unique to each respondent's tax drawback claim for exported wines. As far as TTB can determine, similar information is not available elsewhere.

5. *If this collection of information impacts small businesses or other small entities, what methods are used to minimize burden?*

To protect the revenue, claimants for drawback of tax on exported wines, regardless of size, are required by regulation to submit this certification form. The information required on the form is necessary to verify that the wines in question were produced in the United States and correctly taxpaid on withdrawal from bond. This requirement cannot be waived or reduced simply because the respondent's business is small.

6. *What consequences to Federal program or policy activities and what, if any, technical or legal obstacles to reducing burden will occur if this collection is not conducted or is conducted less frequently?*

Not collecting this information, or collecting it less frequently, would place the revenue in jeopardy by permitting unverified drawback claims to be paid, or would cause drawback claims to be denied or underpaid.

7. *Are there any special circumstances associated with this information collection that would require it to be conducted in a manner inconsistent with OMB guidelines? (See 5 CFR 1320.5(d)(2).)*

There are no special circumstances associated with this information collection that would require it to be inconsistent with OMB guidelines.

8. *What effort was made to notify the general public about this collection of information? Summarize the public comments that were received and describe the action taken by the agency in response to those comments.*

To solicit comments from the public, TTB published a "60-day" comment request notice for this information collection in the Federal Register on May 3, 2022, at 87 FR 26261. TTB received no comments on this information collection in response.

9. *Was any payment or gift given to respondents, other than remuneration of contractors or grantees? If so, why?*

No payment or gift is associated with this information collection.

10. *What assurance of confidentiality was provided to respondents, and what was the basis for the assurance in statute, regulations, or agency policy?*

TTB provides no specific assurance of confidentiality for this collection. However, Federal law at 26 U.S.C. 6103 prohibits disclosure of tax-related information unless disclosure is specifically authorized by law. TTB maintains the collected information in secure office space with controlled access and in password-protected computer systems.

11. *What is the justification for questions of a sensitive nature? If personally identifiable information (PII) is being collected in an electronic system, identify the Privacy Impact Assessment (PIA) that has been conducted for the information collected under this request and/or the Privacy Act System of Records notice (SORN) issued for the electronic system in which the PII is being stored.*

This information collection contains no questions of a sensitive nature. In addition, this information request does not collect personally identifiable information (PII) in a Government electronic system. As such, no Privacy Impact Assessment (PIA) or System of Records Notice (SORN) is required for this information collection.

12. *What is the estimated hour burden of this collection of information?*

Estimated Respondent Burden: As noted above, respondents file export drawback claims for wine on form TTB F 5120.24, approved under OMB No. 1513–0016, and each claim form is accompanied by one or more Certificates of Tax Determination—Wine, executed on form TTB F 5120.20, as approved under this OMB control number, 1513–0029.

Based on recent data, TTB estimates that 22 wine exporters will annually file a total of 330 export drawback claims (an average of 15 claims per respondent), with each claim containing an average of 20 certifications on TTB F 5120.20, resulting in an average of 300 responses per respondent and a total of 6,600 responses to this collection. TTB estimates that each certification form requires 0.5 hours to complete, resulting in an estimated total annual burden of 3,300 hours for this collection.

Estimated Respondent Labor Costs: TTB estimates the annual per-respondent and total respondent labor costs for this information collection as follows:

Annual Respondent Labor Costs for OMB No. 1513–0029 NAICS 312000 – Beverage Manufacturing – Office & Administrative Support Occupations Fully-loaded Labor Rate/Hour¹ = \$32.16*					
Avg. Time / Response	Labor Cost / Response	Responses / Respondent	Labor Costs / Respondent	Total Responses	Total Labor Costs
0.5 hour	\$16.08	300	\$4,824.00	6,600	\$106,128.00

Recordkeeping: Under 27 CFR 28.45, respondents must maintain copies of all forms and supporting records required under that part for at least two years, and those must be available for TTB inspection during normal business hours.

¹ The private section fully-loaded Labor Rate is calculated as Hourly wage rate x 1.44 to account for benefit costs. Per the most recent U.S. Department of Labor, Bureau of Labor Statistics, data for National Industry-Specific Occupational Employment and Wage Estimates for NAICS 312100—Beverage Manufacturing, the average fully-loaded labor rate per hour for Office and Administrative Support Occupations (43–0000) is \$32.16. See https://www.bls.gov/oes/current/naics4_312100.htm.

13. *What is the estimated annual cost burden to respondents or record keepers resulting from this information collection request (excluding the value of the hour burden in Question 12 above)?*

This information collection is largely compiled from usual and customary shipment and receipt records. As such, TTB believes that this certification information collection imposes no additional annualized costs on respondents other than mailing supply and postage costs. As 22 respondents file an average of 15 export drawback claims for wine each year, each containing one or more TTB F 5120.20 forms, TTB estimates respondent annual mailing costs as follows: Each response costs no more than \$10.00, with each respondent having no more \$150.00 in mailing costs for an average of 15 responses, for a total of no more \$3,300 in such costs.

14. *What is the annualized cost to the Federal Government?*

The TTB F 5120.20 tax determination certification forms required under this collection are submitted as supporting documents for export wine drawback claims filed on TTB F 5120.24. Because those supporting documents are processed as part of such claims, TTB accounts for its annualized labor and non-labor costs for processing drawback claims under OMB No. 1513–0016, Drawback on Wines Exported, which covers TTB F 5120.24.

Additionally, TTB notes that it has no printing and distribution costs for this collection due to the availability of its forms on its web site; see <https://www.ttb.gov/forms>.

15. *What is the reason for any program changes or adjustments reported?*

There are no program changes associated with this information collection, and TTB is submitting for extension purposes only. As for adjustments, due to changes in agency estimates, TTB is decreasing the number of annual respondents to this collection (from 30 to 22). However, for the same reason, TTB is increasing this collection's average responses per respondent (from 33.33 to 300), its total number of responses (from 1,000 to 6,660), and its estimated total annual burden (from 1,000 to 3,300).

16. *Outline plans for tabulation and publication for collections of information whose results will be published.*

TTB will not publish the results of this information collection.

17. *If seeking approval to not display the expiration date for OMB approval of this information collection, what are the reasons that the display would be inappropriate?*

TTB will display the expiration date for OMB approval of this information collection on its related form, TTB F 5120.20.

18. *What are the exceptions to the certification statement?*

(c) See item 5 above.

(f) This is not a recordkeeping requirement.

- (i) No statistics are involved.
- (j) See item 3 above.

B. Collections of Information Employing Statistical Methods.

This information collection does not employ statistical methods.